lative spirit did not escape the attention of shrewd judges of the situation, and I/ord Wharncliffe as early as August 14, 1834, called attention in Parliament to the extension of joint stock banks and the insufficient capital with which they were trading.[1] The matter was made the subject of a Parliamentary inquiry in May, 1836. Mr. Poulett Thompson, President of the Board of Trade, took part in the debate and said that he had kept a register " of the different joint stock companies, and of the nominal amount of capital proposed to be embarked in them. The nominal capital to be raised by subscription amounts to nearly ^"200,000,000 and the number of companies to between 300 and 400." " The greater part of these companies,'' Mr. Thompson observed, " are got up by speculators, for the purpose of selling their shares. They bring up their shares to a premium, and then sell them, leaving the unfortunate purchasers, who are foolish enough to invest their money in them, to shift for themselves."' The most extravagant expectations of railway profits and of mining profits absorbed private capital and were preparing the way for a crash, when the failure of the wheat crop in 1836 inaugurated a drain of gold from the Bank of England.

The bullion in the bank in March, 1836, exceeded ^8,000,-ooo. From this date it steadily declined, but it was not until July that the bank raised the discount rate to four and a half per cent, and in August to five per cent. The Agricultural and Commercial Bank of Ireland failed in November, and a run began upon the other Irish banks. They had strengthened themselves by drawing gold from the Bank of England to the amount of ^"2,000,000 and were able to pay specie on demand, but the distrust was so great that Bank of England notes were taken by the Bank of Ireland only in small amounts and at a discount of two shillings and sixpence in the pound. The Northern and Central Bank at. Manchester, with a capital of ^800,000 and with forty-branches, appealed to the Bank of England for help in

[1] Macl/eod, Theory and Practice of Banking^ II., 137.